

## Message Text

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CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

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SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01

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TAGS: PFOR, ENRG, EEC

SUBJECT: EC ENERGY COUNCIL, JUNE 26, 1975: HIGHLIGHTS

REF EC BRUSSELS 5813

1. SUMMARY. THE EC ENERGY COUNCIL MET IN LUXEMBOURG ON JUNE 26, 1975. MOST OF THE SESSION WAS TAKEN UP WITH INCONCLUSIVE DISCUSSIONS ON THE INTERNATIONAL ASPECTS OF ENERGY AND ON MEANS TO FINANCE THE DEVELOPMENT OF ALTERNATIVE SOURCES (REPORTED REFTEL). THE MINISTERS ALSO DISCUSSED WITHOUT REACHING A DECISION PROPOSALS FOR COMMUNITY SUPPORT FOR RESEARCH AND EXPLORATION IN THE HYDROCARBON FIELD AND THE POSSIBLE ESTABLISHMENT OF REGULATIONS FOR THE IMPORTATION AND EXPORTATION OF HYDROCARBON UNDER THE COMMON COMMERCIAL POLICY. THE MINISTERS GAVE INITIAL FAVORABLE CONSIDERATION TO THE SETTING UP OF EURATOM LOANS FOR THE FINANCING OF NUCLEAR POWER PLANT CONSTRUCTION AND DISCUSSED FRENCH PLANS TO INTRODUCE DAYLIGHT SAVINGS TIME. END SUMMARY

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2. COMMUNITY FINANCING OF HYDROCARBON RESEARCH PROJECTS: THE

COUNCIL TOOK NOTE OF A COMMISSION STATEMENT THAT AN INCREASE IN THE CEILING OF ANNUAL CREDITS IN SUPPORT OF COMMUNITY PROJECTS FOR RESEARCH IN THE HYDROCARBON SECTOR WILL BE NEEDED. IN THE COMMISSION'S VIEWS, THE PRESENT ALLOCATION OF 25 MILLION UNITS OF ACCOUNT (ABOUT \$32 MILLION) IS INSUFFICIENT AND NEEDS TO BE RAISED TO 50 MILLION UNITS OF ACCOUNT. THE COMMISSION POINTED OUT THE ORIGINAL CEILING WAS ESTABLISHED IN 1973 AND THAT INFLATION, COST OVERRUNS AND THE INCREASED IMPORTANCE OF ENERGY-RELATED RESEARCH NOW MADE ADDITIONAL FUNDS A NECESSITY. THE COUNCIL WAS NOT ASKED TO TAKE A DECISION ON THE PROPOSED INCREASE ALTHOUGH THERE REPORTEDLY WAS GENERAL AGREEMENT THAT SOME INCREASE, SHORT OF THE DOUBLING REQUESTED BY THE COMMISSION, WAS JUSTIFIED.

3. COMMUNITY REGULATION OF THE IMPORT AND EXPORT OF HYDROCARBONS: THE MINISTERS EXAMINED A REPORT PREPARED BY THE ENERGY GROUP OUTLINING MEMBER STATES' REACTIONS TO THE COMMISSION'S PROPOSAL TO BRING HYDROCARBONS UNDER THE COMMON COMMERCIAL POLICY. (ARTICLE 113 OF THE ROME TREATY.) A NUMBER OF OBJECTIONS TO THIS PROPOSAL EMERGED DURING THE COUNCIL DISCUSSION. MOST DELEGATIONS RECALLED THAT HYDROCARBONS HAD BEEN SPECIFICALLY EXCLUDED FROM THE COMMON COMMERCIAL POLICY ALL ALONG DUE TO THE EXISTENCE OF THE ECSC TREATY AND THAT NO REASONS HAD BEEN ADVANCED BY THE COMMISSION FOR MODIFYING PRESENT POLICY. THE DUTCH SAID THAT WHILE THE PROPOSAL MIGHT BE ACCEPTABLE AS PART OF A FULLY DEVELOPED COMMUNITY ENERGY POLICY, IT WAS PREMATURE AT THE PRESENT TIME. THE IRISH, SECONDED BY THE FRENCH, POINTED OUT THAT THE ACCEPTANCE OF SUCH A PROPOSAL WOULD NOT HELP TO GUARANTEE ENERGY SUPPLIES IN TIME OF CRISIS. THE FRENCH CHARACTERIZED THE PROPOSAL AS AN UNNECESSARY EXPANSION OF THE COMMISSION'S POWER AND SAID IT WOULD PLACE AN ADDITIONAL BURDEN ON THE FIRMS CONCERNED. COREPER IS TO STUDY THE MATTER FURTHER NONETHELESS.

4. COMMUNITY FINANCING FOR NUCLEAR POWER STATIONS: ALTHOUGH NO SPECIFIC FIGURE WAS APPROVED, THE COUNCIL GAVE A FAVORABLE INITIAL REACTION TO THE COMMISSION'S PROPOSAL TO CONTRIBUTE, VIA EURATOM LOANS, TO FINANCING OF THE CONSTRUCTION OF NUCLEAR POWER STATIONS WITHIN THE COMMUNITY. THE SUBJECT WILL BE CONSIDERED FURTHER BY COREPER WHICH IS TO SEEK THE VIEWS OF THE EC LIMITED OFFICIAL USE

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FINANCE MINISTERS PROBABLY AT THEIR NEXT MEETING ON JULY 10.

5. COMMUNITY SUPPORT FOR HYDROCARBON EXPLORATION: THE MINISTERS RESPONDED TO FOUR QUESTIONS PUT TO THEM BY COREPER ON THE SUBJECT OF POSSIBLE COMMUNITY FINANCING FOR HYDROCARBON EXPLORATION:

A. NEED - OPINION WAS DIVIDED OVER THE NEED FOR COMMUNITY FINANCING. BRITISH ENERGY MINISTER BENN QUESTIONED THE NEED FOR

SUCH A PROGRAM. HE POINTED OUT THAT THERE WAS, AT PRESENT,  
NO LACK OF FINANCIAL SUPPORT FOR HYDROCARBON EXPLORATION.  
HE SAID THAT ADDITIONAL MONEY MIGHT VERY WELL GO TO PROJECTS  
WHICH OFFERED ONLY DUBIOUS RETURN ON INVESTMENT. THIS VIEW  
REPORTEDLY EVOKED FAVORABLE COMMENT FROM A NUMBER OF DELEGATIONS,  
ALTHOUGH THE DUTCH AND TO A LESSER EXTENT THE BELGIANS,  
FAVORED COMMUNITY SUPPORT.

B. SCALE OF ASSISTANCE - THERE WAS SUBSTANTIAL AGREEMENT THAT,  
IF UNDERTAKEN, THE EXTENT OF COMMUNITY SUPPORT SHOULD BE SMALL  
AND STRICTLY LIMITED IN TIME.

C. TYPES OF EXPLORATION - THE MINISTERS READILY AGREED THAT THERE  
SHOULD BE NO DISTINCTION BETWEEN ON-SHORE AND OFF-SHORE  
PROJECTS AND THAT BOTH SHOULD BE ELIGIBLE TO RECEIVE FINANCING  
WITHOUT DISCRIMINATION. NO CLEAR ANSWER WAS REACHED AS TO WHETHER  
LOCATION WITHIN THE "TERRITORY OF THE EC" SHOULD BE A CRITERIA  
FOR ASSISTANCE.

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D. COMMUNITY ACCESS - THE MINISTERS DISCUSSED AT LENGTH  
WHETHER THERE SHOULD BE GUARANTEED COMMUNITY ACCESS TO THE

PRODUCTION OF ANY EXPLORATIONS ASSISTANCE BY COMMUNITY FUNDS. IRISH ENERGY MINISTER BARRY POINTED OUT THAT SINCE COMMUNITY FINANCING WOULD BE LIMITED TO 25 PERCENT OF PROJECT COST, IT DID NOT SEEM REASONABLE FOR THE COMMUNITY TO INSIST UPON FULL ACCESS. THE DUTCH STRONGLY FAVORED COMMUNITY SUPPORT AND GUARANTEE OF FULL ACCESS.

6. COREPER HAS BEEN INSTRUCTED, ON THE BASIS OF THE MINISTERS' VIEWS, TO CONSIDER THE PROPOSAL FURTHER. ONE PERM DEL SOURCE SPECULATED THAT THE COUNCIL WOULD PROBABLY ADOPT, IN THE FALL, A LIMITED PROGRAM OF ASSISTANCE FOR EXPLORATION WITH ACCESS GUARANTEED ON A COMMUNITY BASIS IN TIMES OF CRISIS.

7. DAYLIGHT SAVINGS TIME. THE FRENCH ANNOUNCED THAT, WHILE THE FINAL DECISION HAD YET TO BE TAKEN, THEY INTENDED LATER THIS YEAR TO INTRODUCE DAYLIGHT SAVINGS TIME FOR NEXT YEAR. THEY PROPOSED THE HARMONIZATION OF EFFECTIVE DATES FOR THE SEASONAL TIME CHANGES, AND, SUPPORTED BY THE COMMISSION, LIMITED OFFICIAL USE

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OUTLINED THE ADVANTAGES OF SUCH A HARMONIZATION. MINISTERS FOR ITALY, IRELAND AND THE UK, ALL OF WHICH NOW HAVE DAYLIGHT SAVINGS TIME, SPOKE OF THE DIFFICULTIES CONNECTED WITH ITS INTRODUCTION, AND DISCOUNTED ITS ENERGY SAVING ASPECTS. THE COUNCIL AGREED THAT THE MAIN PROBLEMS OF IMPLEMENTATION RESTED IN THE TRANSPORT SECTOR AND COREPER IS TO LOOK INTO THE PROPOSAL FURTHER IN COOPERATION WITH THE MINISTERS OF TRANSPORT OF THE MEMBER STATES.

8. REDUCTION IN THE CONSUMPTION OF PETROLEUM: THE COUNCIL GAVE FINAL FORMAL APPROVAL TO THE REGULATION FIXING AN OBJECTIVE FOR THE REDUCTION OF CONSUMPTION OF PETROLEUM FOR THE REMAINDER OF 1975. UNDER THIS REGULATION (EC BRUSSELS A-226), THE INTERNAL CONSUMPTION OF PETROLEUM BY THE COMMUNITY IS TO BE REDUCED BY 500 MILLION TONS, WHICH REPRESENTS A REDUCTION OF APPROXIMATELY 9 PERCENT ON THE 1973 BASE. DURING DISCUSSION OF THIS ITEM, VARIOUS MINISTERS POINTED OUT THAT APPROXIMATELY 6 PERCENT OF THE REDUCTION COULD BE ACCOUNTED FOR BY THE ECONOMIC DOWNTURN. A FURTHER 2 PERCENT COULD BE ACCOUNTED FOR BY THE EXTREMELY MILD WINTER, LEAVING ONLY ABOUT 1 PERCENT RESULTING FROM ENERGY CONSERVATION EFFORTS.

9. THE COMMISSION PRESENTED ORALLY TO THE COUNCIL SUGGESTED TARGETS FOR PETROLEUM CONSERVATION FOR 1976/77, THESE TARGETS ARE TO BE DISCUSSED BY THE ENERGY GROUP AND COREPER IN THE NEAR FUTURE. GREENWALD

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